



TRIVANDRUM CHAMBER OF COMMERCE AND INDUSTRY

Affiliated to **FICCI** - Federation of Indian Chambers of Commerce & Industry, New Delhi
Member **ASSOCHAM** - Associated Chambers of Commerce and Industry of India, New Delhi.

Ref: 122/ TCCI-GOI-Legal Metrology/2024

16th August 2024

To,
Shri. Ashutosh Agarwal
Director (Legal Metrology)
Ministry of Consumer Affairs, Food & Public Distribution
Department of Consumer Affairs
Krishi Bhawan, New Delhi-01

Dear Shri. Agarwal,

Sub: Request for Reconsideration of Proposed Amendments to Rule 3 of the Legal Metrology (Packaged Commodities) Rules, 2011-reg.

Ref: Your Notice No: 1-10/9/2023-W&M dated 15-07-2024 and 29-07-2024.

As an advocate for the interests of our Members, TCCI seeks to address concerns regarding the proposed Amendments to Rule 3 of the Legal Metrology (Packaged Commodities) Rules, 2011. We believe that these changes may have considerable implications to the Retail and Wholesale Trade Sector, and wish to highlight potential challenges with request to reconsider the following key concerns: -

- 1. Significant Increase in Operational Costs:** The proposed Amendment would require all packaged commodities, including those above 25 kg, to adhere to the labelling standards currently applicable only to smaller packages. This would necessitate Wholesalers and other Stakeholders to invest substantially in new packaging materials and printing technologies. For businesses that have already procured large quantities of packaging materials under the existing regulations, this change would not only result in financial losses but also lead to operational disruptions. It is imperative to consider that such a shift will require at least a year to implement effectively, taking into account the logistics and costs involved.
- 2. Limited Consumer Relevance and Preference for Smaller Packages:** The rationale behind this Amendment appears to be aimed at enhancing consumer awareness. However, we wish to highlight that the majority of consumers prefer purchasing commodities in smaller packages, particularly up to 10 kg packets, due to the growing trend of micro families, the convenience of carrying and concerns about the expiry date of goods. Extending the Legal Metrology requirements to larger

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packages would add little value to consumer protection while imposing unnecessary burdens on the industry. **We, therefore, suggest focusing on consumer packages of 10 kg or lesser quantity.**

3. **Potential Taxation Implications:** The Amendment could potentially lead to the inclusion of essential food commodities, such as rice, wheat, and pulses, in the 5% GST slab, regardless of the package size. **Currently, commodities in packages above 25 kg are exempted from GST.** Should this exemption be removed, it could result in significant price increases for essential goods, driving up inflation and adversely affecting the economy. **We are concerned that this may be an indirect move by the Government to expand the tax base, utilizing a Regulatory Amendment.**
4. **Conflicting Regulations and Industry Impact:** The frequent changes in Regulations, particularly those that overlap with existing frameworks such as the Food Safety and Standards Authority of India (FSSAI), create confusion and compliance challenges for businesses. The proposed Amendment would exacerbate these challenges, contradicting the Government's "Ease of Doing Business" initiative by introducing additional compliance burdens.
5. **Consideration of Broader Implications:** We trust that the proposed changes will be carefully aligned with the current tax structure to avoid any unintended impact on both businesses and consumers. Maintaining stability in the regulatory environment is essential for ensuring that essential commodities remain affordable and accessible.

Given these concerns, we kindly request the Ministry to re-valuate the proposed Amendment. We recommend a more gradual approach that includes adequate consultation with all Stakeholders, Pilot Testing of new regulation, and financial support for Small and Medium-sized Enterprises to help their transition smoothly.

Thanking you,

Yours faithfully,
For TCCI


S N Raghuchandran Nair
President




Abraham Thomas (Joji)
Secretary